

28 July 2020

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 30 JUNE 2020

HIGHLIGHTS

- Successful capital raising undertaken
- Strong laboratory results from Nomgon-1 well
- Appraisal and exploration program underway post quarter end

MANGAGING DIRECTOR'S REPORT TO SHAREHOLDERS FOR THE QUARTER

For all companies the quarter ended 30 June 2020 was dominated by how one reacted to the ongoing COVID-19 global pandemic. For various reasons Elixir Energy has been exceptionally well placed to get on with business as usual during these highly unusual times.

A combination of: a long-standing local team in Mongolia; in-country sub-contractors the Company has worked with before; a successful trial of on-line supervision of well testing; and, locally based expert expats, has allowed Elixir to recently commence its second year's appraisal and exploration program.

Mongolia has to date very successfully contained the spread of the virus in the country, basically through very strong, early and well supported border controls and quarantine processes. Elixir's work program does not require the importation of specialist equipment and personnel and accordingly the virus has not imposed any limitations on it going ahead.

Post the end of the quarter the Nomgon-2 appraisal core-hole well was spudded and the acquisition of a 106 kilometer 2D seismic program commenced.

The coming months will see the Company drill further appraisal wells, the results of which are intended to ultimately feed into an independent contingent resource report. Additionally, exploration wells are intended to open up new sub-basins in the PSC for further appraisal work in the years to come.

The cash to fund the Company's current program was successfully raised in May through a combination of an over-subscribed placement and an exceptionally well supported share purchase plan. Elixir's Board welcomes its new shareholders and thanks its existing ones for their ongoing vote of confidence in the company. A total of \$3.3 million was raised (before costs).

An early stage offtake project was heralded in June – the establishment of a potential partnership with one of Mongolia's largest fuel retailers to investigate the provision of gas (in the form of LNG) to fuel the very large coal trucking fleet that operates in Elixir's licence area.

The announcement of this has led to numerous companies, including global multinationals, cold-calling Elixir to see if they can assist in this potential small-scale LNG project. The very high level of interest was initially somewhat unexpected by the company, but is perhaps a welcome consequence of its rare ability to get on with new work during the time of the virus.

Mongolia held a regular Parliamentary election at the end of June. The incumbent ruling party - under whom Elixir has successfully operated in recent years – was returned.

MONGOLIAN GAS EXPLORATION – 100% INTEREST IN CBM PSC

Elixir Energy Limited (“Elixir”) has a 100% interest in the Nomgon IX CBM PSC, located proximate to the Chinese border in Mongolia’s South Gobi region. The 30,000 square kilometer PSC was entered into with the Mongolian Government in September 2018 and has a minimum ten year exploration period and a thirty year (extendable) production period.

During the quarter the Company undertook planning, regulatory compliance work and fund raising in connection with the resumption of the exploration and delineation work program on the PSC.

In July, a new round of appraisal and exploration work commenced in the licence area, with:

- Geological survey work.
- The spudding of the Nomgon-2 appraisal core-hole well.
- Acquisition of 2D seismic.

OTHER ASSETS

Elixir’s only remaining legacy interest outside of the Nomgon PSC is a long established US domiciled subsidiary, Cottesloe Oil & Gas LLC. This company has no assets other than an escrowed cash bond pledged to a third party worth ~US\$580,000, whose purpose is to cover a possible abandonment liability of a similar amount. Elixir is currently reviewing whether this legacy matter can be effectively cleaned up.

CORPORATE AND FINANCIAL***Capital raising***

In May, Elixir successfully conducted an equity raising through the means of a placement and a share purchase plan (SPP). A total of \$3.3 million was raised (before costs) at a price of 2c per share.

The Company’s Directors also pledged to subscribe for shares under the placement, subject to shareholder approval to be sought at a subsequent general meeting of shareholders. Given the strong demand under the placement and SPP, the amount pledged was ultimately constrained to \$50,000.

Changes in Issued Capital

New shares were issued during the quarter as a result of the placement, share purchase plan, conversion of performance rights by Directors and equity-based compensation for advisers and employees.

The fully diluted equity structure of Elixir as at 30 June 2020 was as follows:

Security type	Number
Ordinary shares	687,973,877
Listed EXROA options	118,566,617
Class C performance rights	16,000,000
Unlisted employee options	12,630,000

Financial

Elixir’s cash reserves as at 30 June 2020 were \$3.3 million. The Company has no debt.

ASX ANNOUNCEMENT



During the quarter, the Company spent \$0.5 million on exploration activities, primarily on final drilling and ancillary costs associated with the Nomgon-1 well.

Board and Management

There were no changes to the Board or Management during the quarter. Non-executive Director Mr B Byambasaikhan resigned post the end of the quarter.

Annual and other General Meetings

No General Meetings were held in the quarter.

Appendix 5B Disclosures

The attached Appendix 5B includes an amount of \$108,000 in items 6.1 and 6.2 (total) which constitutes salary and wages for the Managing Director and non-executive director fees paid during the quarter. There were no other related party transactions.

SUMMARY OF PETROLEUM TENEMENTS HELD AS AT 31 MARCH 2020

	% Interest	Tenement	Location
Held at end of quarter	100%	Nomgon IX CBM PSC	Southern Mongolia
Acquired during quarter	-	-	-
Disposed during quarter	-	-	-

By authority of the Board:

Neil Young - Managing Director
Elixir Energy Ltd (ABN 51 108 230 995)
Level 10, 50 Pirie Street
Adelaide SA 5000, Australia

For further information, please visit the Company's website at www.elixirenergy.net.au

ASX CODE: EXR

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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity		
Elixir Energy Limited		
ABN		Quarter ended ("current quarter")
51 108 230 995		30 June 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	-	
	(b) development	-	
	(c) production	-	
	(d) staff costs	(29)	(327)
	(e) administration and corporate costs	(261)	(511)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	12
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Government grants and tax incentives	29	29
1.8	Other (provide details if material)		
1.9	Net cash from / (used in) operating activities	(260)	(797)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation (if capitalised)	(481)	(3,219)
	exploration rent and other local fees	-	(446)
	(e) investments		
	(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(481)	(3,665)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	3,300	3,563
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(155)	(155)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	3,145	3,408
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	858	4,353
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(260)	(797)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(481)	(3,665)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,145	3,408

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	37	-
4.6	Cash and cash equivalents at end of period	3,299	3,299

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,279	838
5.2	Call deposits	20	20
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,299	858

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	86
6.2	Aggregate amount of payments to related parties and their associates included in item 2	22
<p>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments</p> <p>Total payments of \$108k to related parties for the quarter consisted of non-executive directors' fees and executive director salaries, of which a part was capitalised (salaries) to exploration assets.</p>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(260)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(481)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(741)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	3,299
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	3,299
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	4.5
8.8	If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	
	1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
	2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	
	3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

28 July 2020

Date:

By the Board

Authorised by:
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.